> ***rescissions as second deposits are now being received. This demonstrates the high quality and financial stability of our customers.***

69. Commenting on the Company's maturing debt and the capital available under its senior credit facility, Defendant D'Arrigo also spoke positively, stating, in pertinent part, as follows:

> In February this year, 2008, we repaid $180 million of senior notes using our credit facilities and have only approximately $200 million in maturities remaining this year, ***so that gives us a lot of financial flexibility in 2008***. After giving effect to the recent tender, ***we have approximately $2.9 billion of availability under our senior credit facility***.

70. He also represented that "[o]ur larger resorts are faring better than people give them credit" and that "[p]re-opening expenses will be minimal in the quarter."

71. During the question-and-answer session, Lanni continued to claim that the Company was relatively immune from market conditions, as a result of its balance sheet and "well he[e]led, very loyal and supportive partners." Specifically, he represented that, "***given our balance sheet, which is obviously uniquely strong in our industry right now and our flexibility on capital, we feel very comfortable that we have all the flexibility that we need***." He also represented that "[w]e have a unique position here with our ***great balance sheet*** and the fact that we have two extraordinarily well healed [sic], ***very loyal and supportive partners*** in the form of Tracinda and Dubai World. It afford [sic] us many opportunities to look at any type of corporate structure in the future."

72. Although the price of MGM common stock slightly declined in response to this news, it climbed a total of 4.6%, to $67.34 per share, during the three trading days thereafter (*i.e.*, February 22, 25 and 26, 2008).

73. The February 21, 2008 statements set forth above, as well as the other positive statements detailed above that Defendants made at or about that time, were materially false and misleading for all of the reasons that the October 30, 2007 statements were. These statements were

also materially false and misleading because, *inter alia*: (i) MGM did not have sufficient "financial flexibility" to weather deteriorating economic conditions, because the availability of capital under MGM's credit facility was contingent on the Company's financial results, which were vulnerable to an industry slowdown; (ii) rising costs associated with the CityCenter construction would only continue to constrain the amount of capital available to MGM in the future; and (iii) the CityCenter's development was hampered by widespread construction defects, particularly those affecting The Harmon, whose scope and significance Defendants concealed from the market and which would prevent that portion of the CityCenter from opening by the end of 2009.

74. On April 15, 2008, Morgan Stanley issued an analyst research report concerning MGM, in which it lowered 2008 estimates for the Company and warned that "[i]f debt markets dry up, MGM will have a difficult time getting cheap capital needed to develop projects and private investors interested in MGM will be put off by the lower potential returns." In response, MGM's stock price declined 4.32% to $49.58 on volume of 4.2 million shares traded.

75. On May 6, 2008, MGM issued a press release announcing its financial results for the first fiscal quarter of 2008, which provided, in pertinent part, as follows:

> LAS VEGAS, May 6 /PRNewswire-FirstCall/ -- MGM MIRAGE (NYSE: MGM) today reported its first quarter 2008 financial results. The Company earned $0.40 per diluted share from continuing operations in the first quarter, compared to $0.55 in the prior year. The Company experienced low-single digit percentage decreases in both gaming and non-gaming revenues on a quarter-over-quarter basis, while earnings were also negatively impacted by the temporary closure of Monte Carlo and ramp-up costs related to the recent opening of two major resorts.

76. Commenting on the results, Defendant Lanni advised that "[o]ur business should be evaluated in the context of the state of the economy" and took an optimistic tone, stating as follows:

> "The gaming industry and our company have seen considerable growth within the last several years, and ***even with near-term weaker economic conditions our resorts***

> ***are still attracting premium customers and generating tremendous cash flow***. We are focused on our fundamental strategies which have consistently produced positive results."

77. Defendant Murren also took a positive stance on MGM's performance and prospects, stating, in pertinent part, as follows:

> "We must continue to concentrate on our customers and the celebrated experiences we provide at our resorts . . . Additionally, we have always been committed to operating our resorts at maximum efficiency. ***Over the past several months we have been implementing various new revenue enhancement and cost savings initiatives. We will continue to make substantial long-term investments in our people and resorts***."

78. In the press release, the Company further disclosed that, while each of MGM and Dubai World had paid $200 million in construction costs for CityCenter during the quarter ($400 million, in total), they were in the process of securing additional funding for CityCenter:

> During the quarter, the Company repaid $180 million of its senior notes at maturity, and the Company and Dubai World each funded $200 million of construction costs for CityCenter. The Company and Dubai World are currently in discussions with several financial institutions with regard to bank financing for the project.

79. In an attempt to assuage investor concerns that MGM could not finance CityCenter or that the project would fail for lack of funding, Defendant D'Arrigo once again assured that the Company had adequate access to capital, stating, in pertinent part, as follows:

> "Our company continues to generate strong cash flow and ***has significant debt capacity under our credit facilities*** . . . This combination provides ***ample capital flexibility*** to meet all of our strategic growth initiatives and maintain our strategic focus during a difficult time in the credit markets."

80. Following the issuance of the press release, Defendants Lanni, Murren, D'Arrigo and Baldwin conducted an earnings conference call with analysts and investors during which they reiterated the Company's financial results and expounded on its prospects.

81. In his opening remarks, Defendant Lanni acknowledged the onset of the challenging economic environment, but assured the market that MGM had anticipated and was well poised to weather the conditions, stating, in pertinent part, as follows:

> The first quarter was obviously challenging. It was clearly impacted by the economy. ***We did expect this***, and certainly had already discussed our experience in January and part of February during our last earnings call. ***We still reported solid results and cash flows at all of our resorts. We have been continually adjusting to the environment*** and ensuring that we really maximize the volume of guests in each of our resorts. And we continue to look for areas of revenue growth through marketing and other initiatives, as well as areas for managing expenses as evidenced by our recent reduction in management positions.
>
> It's relatively difficult for us to forecast trends into the next few quarters but so far in the second quarter we are seeing much of the same as it relates to customer volumes and ***our job is to manage within the context to maximize profitability*** in what will surely be a challenge alleging year.

82. In his opening comments, Defendant Murren largely echoed Lanni's positive remarks, stating, in pertinent part, as follows:

> As Terry mentioned, there's no doubt that we are in a tough economic environment. We continue to react to that. ***We are focused in on areas where we can drive revenues, and more efficiently improve our cost structure throughout the whole organization. On the revenue side, many of these efforts are already underway***. We've implemented them several quarters ago, and they are starting to hit their stride right now . . . .
>
> * * *
>
> ***We as a company continue to be positioned we believe very strongly in this market. We've been here before in tough economic times. We have positioned ourselves to be the market leader, to operate more efficiently and effective in a tough environment that we are in***. We are making solid profits right now, and when the time comes when the economy does pick up, which it will obviously, eventually, we'll be in a position to again, as we are right now, outperform our peers in terms of profitability . . . .

83. In turn, Defendant Baldwin represented that construction on the CityCenter project was proceeding according to plan, and that "[t]otal project costs are expected to be . . . between $8.1 billion and $8.4 billion, excluding pre-opening expense of about $200 million."

84. Finally, in his opening remarks, Defendant D'Arrigo spoke positively about MGM's efforts to finance the CityCenter project, stating, in pertinent part, as follows:

> As relates to our balance sheet, in February, we repaid $180 million of senior notes using our availability under our credit facility, and had minimal debt maturities over the next 12 months. ***At quarter end, we have approximately $1.9 billion available under our bank credit facility, with roughly 60% of our debt being figured and 40% of our outstanding debt being floating, as of the end of the quarter***. We are currently in the marketplace talking to our lead group of banks with regards to securing financing for CityCenter. We recently held a bank meeting in Dubai with our partners there, and these leading institutions, which was extremely well attended. The feedback has been very positive from this initial group of banks, and ***we look forward to progressing this financing here in the second quarter. The project is progressing quite well as Bobby pointed out***, and given the sponsorship and the progress we are making on the construction front and on the residential sales program, ***this is coming together quite nicely right now*** for us and our partners, Dubai World.
>
> ***Our balance sheet is quite strong, as of the end of March, with ample bank capacity***, which affords us the ability to continue to significantly invest in our properties and plant the seeds for growth, while at the same time providing us with the ability to be more opportunistic in how we access capital in these more difficult times . . . .

85. During the question-and-answer session, D'Arrigo confirmed that funding CityCenter cost $100 million a month until MGM could put appropriate financing in place:

> **LAWRENCE KLATZKIN [Analyst, Jefferies & Co., Inc.]**: Last question, Dan, really for you, for you [and] Dubai, ***funding City-Center until you have a bank loan, it's about 100 million a month each?***
>
> **DAN D'ARRIGO**: That's roughly about right. And I think for the full year, CityCenter, ***for the full 2008, CityCenter was looking at about $2.5 billion of total construction cost for this year***. But like I said, we are in the market talking to our lead banks right now, and ***the initial response has been pretty positive***.

86. Later during the call, Murren added that securing the necessary financing was a foregone conclusion, noting that "[i]t won't be a matter, in our view, of getting the deal done. It will be a matter of pricing." He also represented that "***[t]he demand is quite high,*** not only ***because MGM is a good credit [risk]*** but, frankly, a lot of our banks are welcoming the opportunity to develop a relationship with our partner Dubai World."

87. Separately, Baldwin expounded on the Company's joint venture prospects and purported ability to outperform its competitors, stating, in pertinent part, as follows:

> The key for us is, with the balance sheet that we have and the way we want reinvest our business, how do we build on that growth? ***We are capital-intensive business, and we think we can out-think our competitors in that area***. We have in the past, and our cash flows and our existing casino resorts, we believe, will continue to increase over a period of many years.

88. In response to this news, and as Defendants continued to conceal the true condition facing MGM and its prospects, the price of MGM common stock increased 6.64% to 51.85 per share on unusually heavy volume of more than 6.6 shares traded.

89. The May 6, 2008 statements set forth above, as well as the other positive statements detailed above that Defendants made at or about that time, were materially false and misleading for all of the reasons that the February 21, 2008 statements were. Moreover, because of the Company's exposure to the credit market markets and the rising costs associated with the CityCenter project, MGM was not a good credit risk.

90. Then, on May 14, 2008, MGM issued a press release announcing that the Board had approved another share repurchase program pursuant to which the Company would purchase up to an additional 20 million shares of its common stock. MGM also announced that it had "repurchased 1.27 million shares in the current quarter to date, thereby leaving 1.36 million shares outstanding

under the previous share repurchase program approved in December 2007." In response to this announcement, which again assured the market that the Company's finances were in order, the price of MGM common stock increased 2% to $51.46 per share on that date, and further increased 3.32% to $53.17 per share on the following day, on volume of more than 2.5 million shares traded each day.

91. Thereafter, the Company's stock price steadily declined, as concern mounted about MGM's ability to finance CityCenter, as well as the Company's actual financial condition. However, on July 3, 2008, analyst Deutsche Bank issued a highly positive research report on MGM based on meetings that it had hosted in New York with Defendant Murren. In the report, entitled "Thoughts from mgmt meetings; maintain Buy rating," Deutsche Bank maintained a price target of $74.00 per share (the stock then traded at half of that) and indicated that Murren's reassurances made it "come away feeling more encouraged about current volumes, pricing and visibility in Las Vegas, and City Center financing which is overhang for the MGM shares." Moreover, based on those meetings and Defendants' previous comments, Deutsche Bank expressed its belief that MGM would easily secure the necessary CityCenter financing:

> Pending Catalyst: ***Concern about City Center financing is overhang in the MGM shares as the market is generically concerned about sizeable demand for credit being met by a struggling financial sector***. MGM is looking to raise more than $3B to finalize City Center, which is an $8.8B project at the high end of the aggregate GMPs. The company has $1.9B in availability via its credit facility which is currently at an attractive LIBOR +0.625%. MGM appears to have a plethora of debt-related options for this balance, including some use of the facility. ***We suspect numerous bank debt structures may be presenting MGM with more favorable rate options than equity investors anticipate and management expects to finalize the financing by the end of July***. This seems due to the attractive credit for the JV (should have more equity than debt in City Center once complete), and ***our sense that both Dubai World and MGM Mirage represent the 'gifts that keep on giving' on the financing front for interested banks***. It should be noted that MGM is not close to covenant caps, currently leveraged at a favorable 5.5x, peaking at 6.5x immediately before City Center opens (Q409)-better if cash flow inflects positively, then moderating along with cash flow generation at the property.

92. Notably, in the report's "valuation and risks" section, Deutsche Bank did not list as a risk the possibility that MGM would be unable to secure financing.

93. In response to this report, and after a week of previous declines, the Company's common stock price rose 7.55% to $30.76 per share, and 2.18% to $31.43 per share, on July 7 and 8, 2008, respectively.

94. The music stopped on July 10, 2008, however, when the Nevada Gaming Control Board revealed that Las Vegas strip casino revenue fell 16% in May 2008, the fifth straight monthly decline. Notwithstanding Defendants' largely positive remarks (or perhaps because of them), which remained alive in the market, the price of MGM common stock plummeted 21.77% to $23.14 per share on extraordinarily high volume of nearly 14.8 million shares traded.

95. Despite this enormous stock drop, Jefferies issued a positive research report on MGM on July 14, 2008, based in part on a July 11, 2008 meeting that it had hosted with MGM management. In the report, entitled Reassurance From Mgt During Tough Market-Thoughts From Our Meeting," Jefferies maintained its "buy" rating and reiterated its $102 per share price target. According to Jefferies, "[management] was transparent on their [sic] outlook for the short and long-term, and we believe MGM's future remains bright." In the report, Jefferies disclosed that management "believes investors will be 'pleasantly surprised' at the performance of many of its properties," and further revealed the following regarding CityCenter:

> **City Center - Mgt. Expects Over a 10% ROI at Minimum**: MGM signed its final fixed price contract keeping the project at $9.2bb. However, mgt. believes it has hundreds of millions of potential cost savings it can realize. ***MGM is close to closing on a $3bb non-recourse City Center loan at LIBOR +/- 4% with the largest outstanding issue with the banks being the distribution of the condo sale proceeds*** (MGM wants both its and Dubai's recent loans to be repaid before the banks). Condo sales remain strong despite two recent price increases as new sales are being

> generated at the recently opened Dubai sales office. City Center will employ 12,000+ after opening with a multiplier effect on area employment.

96. On August 5, 2008, MGM issued a press release announcing its financial results for the second fiscal quarter of 2008, in which it disclosed that "[t]he Company earned $0.40 per diluted share from continuing operations in the 2008 second quarter, compared to $0.62 in the prior year second quarter." The press release also disclosed that MGM was had incurred another $300 million in construction costs associated with the CityCenter project, and that it was still in the process of obtaining financing to fund the rest of construction, providing, in pertinent part, as follows:

> During the quarter, the Company and Dubai World each funded $300 million of construction costs for CityCenter. The Company and Dubai World are currently working with several relationship lenders regarding a $3 billion financing package for the joint venture. To date, CityCenter has received commitments totaling $1.65 billion from the lead banks -- Bank of America, Royal Bank of Scotland, UBS, BNP Paribas, and Sumitomo Mitsui. In addition, CityCenter has received commitments from Deutsche Bank, Morgan Stanley, and the Bank of Nova Scotia.

97. Commenting on the results, Defendant Lanni claimed that the financial results were representative of the Company's ability to "successfully navigate" the challenging economic environment, stating, in pertinent part, as follows:

> "Our resorts were near capacity and we believe our market share increased, as discriminating customers seek the best resort and entertainment experiences . . . ***Our track record of successfully navigating through changing economic conditions is solid and is reinforced by our results this quarter.***"

98. Defendant Murren once again echoed Lanni's sentiment, adding that Defendants expected improvements as soon as the fourth quarter of 2008:

> ***"Our resorts are clearly positioned to be the standard of quality in our industry, and our results reflect that competitive position*** . . . While we had mixed results, some of our properties generated increases in cash flow in this challenging environment, and our cost reduction efforts continue to gain traction without impacting guest service; we expect these initiatives will benefit us well into the future. We believe in the durability of the Las Vegas market and that over time it will

continue to grow in line with historical trends. ***Our own forward booking trends show improvement in the fourth quarter of 2008 and into 2009."***

99. In turn, Defendant D'Arrigo claimed that MGM had secured half of the funding necessary to finance the CityCenter project, stating that "[i]n an unprecedented credit market, CityCenter has received to date well over half of the financing committed from these institutions and anticipates finalizing its bank financing this quarter . . . ."

100. Following the issuance of the press release, Defendants Lanni, Murren, D'Arrigo, Baldwin and another MGM representative conducted an earnings conference call with analysts and investors during which they reiterated the Company's financial results and expounded on its prospects. During the call, Defendants maintained the positions they had staked out in previous calls and public disclosures: that MGM was faring well despite the downturn in the economy, business was trending positively, and the CityCenter project was proceeding according to schedule.

101. In his opening remarks, Defendant Lanni once again represented that the Company could weather the challenging economic climate, stating that "[w]e are very pleased actually with our second quarter results, and though the economy certainly remains challenging, we believe we're very successful at generating revenues very near prior-year levels."

102. In turn, Defendant Murren indicated during his introductory remarks that "we see improvement in the fourth quarter and in most revenue items and certainly in a profit picture as well."

103. In addition, referencing his previous comments, Defendant Baldwin once again represented that CityCenter was on track, as follows:

> I said on the last call that everything is on schedule. If you've been by CityCenter lately, you can see that most of the buildings are approaching full height. In fact, all of the buildings will be full height by the end of February of next year.

104. And, yet again, Defendant D'Arrigo claimed during his extensive comments that the Company had adequate access to capital under its credit facility and could otherwise secure financing for its share of the CityCenter project, whose construction and pre-opening costs he now estimated at approximately $9.1 billion, as follows:

> Regarding our long-term debt, we borrowed net debt of just over $200 million in the quarter. ***At quarter end, we had approximately $1.7 billion available under our bank credit facility***. And here in early August, we had some senior notes that matured, so after giving effect to roughly that $200 million of senior notes, ***our credit facility availability is approximately $1.5 billion in early August***. In the quarter, we repurchased 2.6 million shares at a cost of $134 million. That completed our 2007 authorization and in May of 2008, our Board had authorized another 20 million share repurchase program which we have not utilized to date.
>
> On the CityCenter update, on the CityCenter financing, we have -- once the financing is in place, we'll have spent approximately $4.2 billion of the estimated $9.1 billion of gross cash construction and preopening costs and, therefore, that will leave just under $5 billion left to spend to complete the construction of the project.
>
> As we said in the release, the joint venture is seeking a $3 billion financing package which we're working on with our lending group right now. ***We believe that bank portion will be completed this quarter and as highlighted, in this very difficult credit environment, but we have already received firm commitments of over $1.65 billion of this package***. We continue to work with several domestic and international relationship banks to complete this financing.
>
> ***Based on these expectations, the partners will be committed to funding the difference, which will be just under $2 billion after financing is in place, split evenly between MGM and Dubai World***. We anticipate that the timing of these remaining funds would be approximately half throughout the remainder of '08 and into early '09 and the remainder towards the end of construction as needed. I'd highlight that these numbers are before the application of any condo proceeds or any future debt financing that may be done at the joint venture level.
>
> ***From an MGM Mirage perspective, we have ample capacity to fund our share of these costs through our available credit lines and available free cash flow from our operations and as most of you know, our credit facility can actually be expanded from $7 billion to $8 billion with additional commitments from lenders as well. So we're well in good shape there to fund these costs***.

105. As reflected in the following exchange which occurred during the question-and-answer session, D'Arrigo expounded on his comments and represented that condo sales associated with the CityCenter project could offset funding costs associated with its construction, and that the impending 2011 maturity of MGM's credit facility could be handled with bond issuances:

> **LAWRENCE KLATZKIN [Analyst, Jefferies & Co., Inc.]**: . . . You're saying you need $2 billion for the -- for CityCenter, you have $1.7 billion of condo sales. Is there a chance some of those condo sales will be applied toward some of the final needs and you actually won't need to put in your share of the on poll -- on balance $1 billion, that you'll be able to take out some of the money from the condo sales?
>
> **DAN D'ARRIGO**: That's correct. As I pointed out, some of the requirement is due at the end of -- and near completion of construction and we start actually -- we're about -- I think about a year away from Vdara being completed, so we will start receiving condo proceeds in August of '09. So that is before the application of any condo proceeds, which we're expecting, obviously, based on our track record thus far.
>
> **LAWRENCE KLATZKIN**: And will the banks let you apply the condo proceeds to -- toward the $2 billion needed?
>
> **DAN D'ARRIGO**: Yes.
>
> **LAWRENCE KLATZKIN**: Okay. So if you end up selling $2 billion of condos, the odds are you won't have to come up with the bulk of that money?
>
> **DAN D'ARRIGO**: That's correct.
>
> **LAWRENCE KLATZKIN**: Okay. You have a big bank maturity next year. Anything going on with the banks on that?
>
> **DAN D'ARRIGO**: We had -- our bank credit facility doesn't mature until 2011. I think you might be referring to -- we have a couple of bond issuances that come due in July -- kind of around July and October of next year that I think –
>
> **LAWRENCE KLATZKIN**: Right. I saw that, the bond.
>
> **DAN D'ARRIGO**: -- that total about $1.3 billion in total next year, so we'll be -- after CityCenter, we'll be working on extending those maturities and being proactive on that front.

106. In a subsequent exchange, Murren validated D'Arrigo's statements and reiterated that MGM would have the financing in place for CityCenter that quarter, downplaying the immense public interest in the Company's ability to secure financing:

> **LAWRENCE KLATZKIN**: So basically if I have this right, if your condo sales are over $2 billion, and you really -- you really don't need to raise any additional money for CityCenter and you'll end up with more than $1 billion of increased free cash over the next 18 months?
>
> **JIM MURREN**: I think you're on the right track, Larry. I mean it –
>
> **LAWRENCE KLATZKIN**: All right. Thanks, guys.
>
> **JIM MURREN**: It's been a remarkable commentary around CityCenter financing. We've done dozens of bank financings over the past decade and ***there's an incredible amount of interest in this particular one***, and it's taken a little bit longer than we would have liked because we've been having healthy discussions on rate and also on structure. ***But we're over halfway there, we're going to get it done this quarter***, we wanted it done last quarter, but we're going to get it done this quarter and in the meantime we're funding CityCenter with our partners and ***we have a tremendous amount of optionality with this in terms of other joint venture financings and other bank financings. We think it's been completely overdone in terms of the interest on this, but nonetheless, it's, topical.***

107. Murren also later confirmed that the $1.65 billion in funding was the product of a firm commitment by "the top five banks and we have more committed than that, nicely more than that," claiming "that's why we believe we're going to close this deal in this quarter because we're in the home stretch."

108. In turn, Lanni represented that the turbulence in the credit markets was an advantage, claiming that "it allows us to get much more detailed into the drawings and when we do eventually begin construction on these properties, we'll be in much better understanding of what the actual cost will be and a chance of having overruns and what have you, obviously, would be mitigated."

Murren also cast the condition of the credit markets in a positive light, representing that it would prevent competitors from developing properties in Las Vegas, to MGM's benefit:

> [W]e've pushed off joint ventures, we've canceled some, many projects that had been announced will just never be built and the reality is if you're not here right now, if you're not fully financed or have the balance sheets to do projects, you're just not going to do anything over the next several years. And that, we think, is a profound positive for our competitors that are here today and ourselves.

109. In response to this news, the price of MGM common stock increased 15.65% to $35.85 per share on that date, on volume of more than 8.8 million shares traded. On August 11, 2008, the Company filed its Form 10-Q for the second quarter of 2008, which largely repeated the results announced on August 5, 2008. In response to this filing, MGM's stock price further increased 9.21%, to $36.52 per share, on volume of nearly 7.1 shares traded.

110. The August 5, 2008 statements set forth above, as well as the other positive statements detailed above that Defendants made at or about that time, were materially false and misleading for all of the reasons that the May 6, 2008 statements were. These statements were also materially false and misleading because, *inter alia*: (i) MGM did not have abundant opportunities available to secure the rest of the financing needed to fund CityCenter; (ii) MGM's transaction partners were not immune from the effects of the credit markets, and the Company could not rely upon them to ensure that its various transactions would receive sufficient funding; and (iii) the CityCenter's development was hampered by widespread construction defects, particularly those affecting The Harmon, whose scope and significance Defendants concealed from the market even as they increased in magnitude. In fact, as later media reports revealed, MGM had received multiple Notices of Violation from Clark County which prohibited ongoing construction work at The Harmon and other CityCenter sites, both before and after Defendants made these optimistic statements –

including one such notice on August 5, 2008, the same day that Defendants made these statements. Moreover, these construction defects, which Defendants concealed from the market, required the Company to abandon its plans to open The Harmon, which meant that it could not pay down its credit facility with the proceeds from the condominium sales as Defendants had represented they would do.

111. On October 6, 2008, MGM issued a press release announcing that CityCenter had "successfully completed the first phase of its $3.0 billion financing package by securing a $1.8 billion senior bank credit facility." According to the press release, the facility would mature in April 2013 and would "be increased to a total amount of $3.0 billion as additional commitments are received." Defendant D'Arrigo spoke positively about this development, as well as MGM's financial condition:

> "Even in the current difficult lending environment, strong well-conceived projects attract financing - CityCenter is such a project. We appreciate the strong support CityCenter has received from these participating financial institutions . . . We and our partner are actively in discussions with additional financial institutions to obtain the additional funding of the credit facility and are receiving strong interest in the syndication process set to launch this week."
>
> "***MGM's strong balance sheet and long track record of superior financial performance combined with the substantial financial resources of our partner uniquely position CityCenter in an obviously difficult credit market***."

112. The same day, MGM issued a separate press release announcing an amendment to its senior bank credit facility, which "increases the maximum total leverage ratio, modifies drawn and undrawn pricing levels as well as revises certain definitions and limitations on secured indebtedness." Commenting on the amendment, D'Arrigo reiterated his previous remarks about the Company's financial condition:

> "We are pleased by the overwhelming support our financial partners have shown in our Company . . . ***MGM enjoys one of the strongest balance sheets in our industry and*** although ***we have remained comfortably within all of our financial requirements***, we believe it is a prudent course of action to maintain greater financial flexibility in these uncertain credit markets."

113. In response to this news, which revealed that the Company had secured additional substantial debt associated with the CityCenter project, the price of MGM common stock declined 9.52% to $19.00 per share on volume of more than 10 million shares traded.

114. On October 29, 2008, MGM issued a press release announcing its financial results for the third fiscal quarter of 2008, noting that the Company "earned $0.22 per diluted share from continuing operations for the 2008 third quarter compared to $0.62 in the prior year third quarter." In addition, the Company's net revenue decreased 6% to $1.8 billion, property EBITDA was $502 million in the quarter compared to $705 million in 2007, and Consolidated EBITDA was $442 million compared to $635 million in 2007.

115. Commenting on the results, Defendant Lanni represented that "[o]ur performance was impacted by the global economic environment, a trend that is not unique to our industry, but we continue to generate strong cash flows." Defendant Murren made similar remarks, noting that "[w]hile our margins have held up well in a difficult environment, we continue to make permanent improvements to our cost structure which will benefit us now and into the future . . . ."

116. However, in a "projects update," Defendants were forced to disclose in the press release that MGM had shelved its development of the MGM Grand Atlantic City, after having made "extensive progress on design and other pre-development activities[,]" because "[c]urrent economic conditions and the impact of the credit market environment have caused the Company to reassess timing for the project." Commenting on this development, Lanni also indicated that MGM's joint

venture with Kerzner would postpone its development of a major resort complex on the Las Vegas Strip, stating, in pertinent part, as follows:

> "We continue to believe that Atlantic City represents an important market for further development . . . ***We intend to resume development at such time as economic conditions and capital markets are sufficiently improved to enable us to go forward on a reasonable basis***. Likewise, with respect to our joint venture with Kerzner International and Istithmar announced in September 2007 for the development of a major resort complex on the southwest corner of the Las Vegas Strip and Sahara Avenue in Las Vegas, ***we have agreed with our joint venture partners that we should defer additional design and pre-construction activities and have amended our joint venture agreement accordingly***. These actions reflect the Company's commitment to maximize our financial resources in this environment."

117. Even in light of this adverse news, Defendant D'Arrigo spoke positively about the Company's financial condition and prospects, claiming that "[s]ecuring $1.8 billion of financing at CityCenter and amending our $7.0 billion senior credit facility provide the Company with significant additional financial flexibility," and representing that "***[w]e intend to further access the capital markets***, and aggressively manage our liquidity and financial position."

118. Nevertheless, Defendants closed the press release by disclosing that it was "reasonably possible" MGM would record a non-cash impairment charge to goodwill and indefinite-lived intangible assets during the fourth quarter of 2008 as a result of the substantial decline in the Company's market capitalization.

119. Following the issuance of the press release, Defendants Lanni, Murren, D'Arrigo and Baldwin conducted an earnings conference call with analysts and investors during which they reiterated the Company's financial results and expounded on its prospects.

120. During his comments, Baldwin represented that "[a]ll the buildings at CityCenter are on schedule to be opened late next year in 2009" and that construction underwent "great strides during the third quarter . . . ." Specifically, he noted that construction at The Harmon was on track,